

*Township of Almena*  
*Van Buren County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2008*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Township of Almena, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Almena, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Township of Almena, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Almena, Michigan, as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Almena, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.



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Board of Trustees  
Township of Almena, Michigan  
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Almena, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

July 10, 2008

## **BASIC FINANCIAL STATEMENTS**

**Township of Almena**  
**STATEMENT OF NET ASSETS**  
March 31, 2008

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,085,851	\$ 51,852	\$ 1,137,703
Receivables, net	<u>81,277</u>	<u>-</u>	<u>81,277</u>
Total current assets	<u>1,167,128</u>	<u>51,852</u>	<u>1,218,980</u>
Noncurrent assets:			
Capital assets not being depreciated	65,287	-	65,287
Capital assets, net of accumulated depreciation	<u>1,228,878</u>	<u>-</u>	<u>1,228,878</u>
Total noncurrent assets	<u>1,294,165</u>	<u>-</u>	<u>1,294,165</u>
Total assets	<u>2,461,293</u>	<u>51,852</u>	<u>2,513,145</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	25,525	1,261	26,786
Current portion of long-term debt	<u>24,507</u>	<u>-</u>	<u>24,507</u>
Total current liabilities	50,032	1,261	51,293
Noncurrent liabilities - long-term debt	<u>272,507</u>	<u>-</u>	<u>272,507</u>
Total liabilities	<u>322,539</u>	<u>1,261</u>	<u>323,800</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	997,151	-	997,151
Restricted:			
Public safety	232,336	-	232,336
Unrestricted	<u>909,267</u>	<u>50,591</u>	<u>959,858</u>
Total net assets	<u>\$ 2,138,754</u>	<u>\$ 50,591</u>	<u>\$ 2,189,345</u>

See notes to financial statements

**Township of Almena**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2008

		<u>Program Revenues</u>	
		<u>Charges for</u>	<u>Operating</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>
			<u>contributions</u>
<b>Functions/Programs</b>			
Governmental activities:			
Legislative	\$ 9,843	\$ -	\$ -
General government	289,191	58,140	-
Public safety	129,162	-	-
Public works	152,032	11,303	3,900
Community and economic development	36,578	3,630	-
Culture and recreation	1,034	-	-
Interest expense	9,670	-	-
Total governmental activities	627,510	73,073	3,900
Business- type activities:			
Public safety	19,236	22,780	-
Totals	<u>\$ 646,746</u>	<u>\$ 95,853</u>	<u>\$ 3,900</u>

General revenues:

Taxes  
State grants  
Franchise fees  
Investment income

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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**Net (expenses) revenues and change in net assets**

<b><u>Governmental activities</u></b>	<b><u>Business -type activity</u></b>	<b><u>Totals</u></b>
\$ (9,843)		\$ (9,843)
(231,051)		(231,051)
(129,162)		(129,162)
(136,829)		(136,829)
(32,948)		(32,948)
(1,034)		(1,034)
<u>(9,670)</u>		<u>(9,670)</u>
<u>(550,537)</u>		<u>(550,537)</u>
	\$ <u>3,544</u>	<u>3,544</u>
<u>(550,537)</u>	<u>3,544</u>	<u>(546,993)</u>
406,401	-	406,401
288,955	-	288,955
4,747	-	4,747
<u>44,530</u>	<u>-</u>	<u>44,530</u>
<u>744,633</u>	<u>-</u>	<u>744,633</u>
194,096	3,544	197,640
<u>1,944,658</u>	<u>47,047</u>	<u>1,991,705</u>
<u>\$ 2,138,754</u>	<u>\$ 50,591</u>	<u>\$ 2,189,345</u>

See notes to financial statements



**Township of Almena**  
**BALANCE SHEET - governmental funds**  
March 31, 2008

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 664,789	\$ 157,643	\$ 228,276	\$ 35,143	\$ 1,085,851
Receivables	57,965	11,143	11,143	1,026	81,277
Total assets	<u>\$ 722,754</u>	<u>\$ 168,786</u>	<u>\$ 239,419</u>	<u>\$ 36,169</u>	<u>\$ 1,167,128</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities - payables	\$ 18,442	\$ -	\$ 7,083	\$ -	\$ 25,525
Fund balances:					
Unreserved	704,312	168,786	232,336	-	1,105,434
Unreserved, reported in nonmajor - special revenue funds	-	-	-	36,169	36,169
Total fund balances	<u>704,312</u>	<u>168,786</u>	<u>232,336</u>	<u>36,169</u>	<u>1,141,603</u>
Total liabilities and fund balances	<u>\$ 722,754</u>	<u>\$ 168,786</u>	<u>\$ 239,419</u>	<u>\$ 36,169</u>	<u>\$ 1,167,128</u>
Total fund balances					\$ 1,141,603
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 5) are different because:					
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.					1,294,165
Long-term debt used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.					(297,014)
Net assets of <i>governmental activities</i>					<u>\$ 2,138,754</u>

See notes to financial statements

**Township of Almena****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds***Year ended March 31, 2008*

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	<u>General</u>	<u>Road</u>	<u>Fire</u>
<b>REVENUES</b>			
Taxes	\$ 173,230	\$ 141,324	\$ 141,314
State grants	288,955	3,900	-
Charges for services	11,967	-	-
Interest	44,750	214	214
Other	<u>4,283</u>	<u>-</u>	<u>-</u>
Total revenues	<u>523,185</u>	<u>145,438</u>	<u>141,528</u>
<b>EXPENDITURES</b>			
Legislative	9,843	-	-
General government	252,417	-	-
Public safety	10,000	-	119,162
Public works	1,772	308,932	-
Community and economic development	36,578	-	-
Culture and recreation	-	-	-
Debt service:			
Principal	23,755	-	-
Interest	9,670	-	-
Capital outlay	<u>12,906</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>356,941</u>	<u>308,932</u>	<u>119,162</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>166,244</u>	<u>(163,494)</u>	<u>22,366</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in	-	125,000	-
Operating transfer out	<u>(125,000)</u>	<u>-</u>	<u>-</u>
Total other sources (uses)	<u>(125,000)</u>	<u>125,000</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	41,244	(38,494)	22,366
<b>FUND BALANCES - BEGINNING</b>	<u>663,068</u>	<u>207,280</u>	<u>209,970</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 704,312</u>	<u>\$ 168,786</u>	<u>\$ 232,336</u>

<i><b>Total nonmajor governmental funds</b></i>	<i><b>Total governmental funds</b></i>
\$ -	\$ 455,868
-	292,855
-	11,967
152	45,330
<u>14,155</u>	<u>18,438</u>
 14,307	 824,458
-	9,843
-	252,417
-	129,162
8,934	319,638
-	36,578
1,034	1,034
-	23,755
-	9,670
-	12,906
<u>9,968</u>	<u>795,003</u>
 4,339	 29,455
-	125,000
-	<u>(125,000)</u>
-	-
4,339	29,455
<u>31,830</u>	<u>1,112,148</u>
<u>\$ 36,169</u>	<u>\$ 1,141,603</u>

See notes to financial statements

***Township of Almena***

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - *governmental funds* (continued)**

*Year ended March 31, 2008*

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Net change in fund balances - total governmental funds	\$ 29,455
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Amounts reported for *governmental activities* in the statement of activities (page 6) are different because:

Capital assets:

Additions	207,492
Depreciation	(63,754)
Long-term debt - retirements	23,755
Net decrease in deferred revenue	<u>(2,852)</u>

Change in net assets of <i>governmental activities</i>	<u>\$ 194,096</u>
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*See notes to financial statements*

**Township of Almena**  
**STATEMENT OF NET ASSETS - *proprietary fund***  
*March 31, 2008*

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	<b><u>Building Inspections</u></b>
<b>ASSETS</b>	
Cash	\$ 51,852
<b>LIABILITIES</b>	
Payables	<u>1,261</u>
<b>NET ASSETS - unrestricted</b>	<b><u>\$ 50,591</u></b>

*See notes to financial statements*

***Township of Almena***

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
ASSETS - *proprietary fund***

*Year ended March 31, 2008*

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	<b><u>Building Inspections</u></b>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 22,780
<b>OPERATING EXPENSES</b>	
Contracted services - inspections	<u>19,236</u>
<b>CHANGE IN NET ASSETS</b>	3,544
<b>NET ASSETS - BEGINNING</b>	<u>47,047</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 50,591</u></u>

*See notes to financial statements*

**Township of Almena**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
*Year ended March 31, 2008*

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	<u><b>Building Inspections</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 22,996
Payments for goods and services	<u>(19,236)</u>
Net cash provided by operating activities	3,760
<b>CASH - BEGINNING</b>	<u>48,092</u>
<b>CASH - ENDING</b>	<u>\$ 51,852</u>

*See notes to financial statements*

***Township of Almena***  
**STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund***  
*March 31, 2008*

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**ASSETS**

Cash	<u>\$ 4,469</u>
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**LIABILITIES**

Due to other governmental units	<u>\$ 4,469</u>
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*See notes to financial statements*



***Township of Almena***  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Almena, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

**a) *Reporting entity:***

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

**b) *Government-wide and fund financial statements:***

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements.

**c) *Measurement focus, basis of accounting, and financial statement presentation:***

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the financial resources used for the expansion and maintenance of roads within the Township. Revenues are primarily derived from connection fees and special assessments.

The Fire Fund accounts for the financial resources used for fire protection for the Township. Revenues are primarily derived from special assessments.

The Township reports a single proprietary fund, Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

*d) Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Equipment	3 - 5 years
Infrastructure	15 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1 to be revenue of the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

NOTE 3 - CASH:

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ 1,085,851	\$ 51,852	\$ 4,469	\$ 1,142,172

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2008, \$942,992 of the Township's bank balances of \$1,142,992 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major, and nonmajor funds in the aggregate, are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Totals</i>
General	\$ 12,560	\$ -	\$ 45,405	\$ 57,965
Road	11,143	-	-	11,143
Fire	11,143	-	-	11,143
Other governmental	-	1,026	-	1,026
<b>Totals</b>	<b>\$ 34,846</b>	<b>\$ 1,026</b>	<b>\$ 45,405</b>	<b>\$ 81,277</b>

All receivables are considered fully collectible.

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2008, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 65,287	\$ -	\$ -	\$ 65,287
Capital assets being depreciated:				
Buildings and improvements	799,073	-	-	799,073
Equipment	106,308	11,060	-	117,368
Infrastructure	366,921	196,432	-	563,353
Subtotal	1,272,302	207,492	-	1,479,794
Less accumulated depreciation for:				
Buildings and improvements	(92,201)	(17,292)	-	(109,493)
Equipment	(51,758)	(17,636)	-	(69,394)
Infrastructure	(43,203)	(28,826)	-	(72,029)
Subtotal	(187,162)	(63,754)	-	(250,916)
Total capital assets being depreciated, net	1,085,140	143,738	-	1,228,878
Governmental activities capital assets, net	\$ 1,150,427	\$ 143,738	\$ -	\$ 1,294,165

**Township of Alpena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 5 - CAPITAL ASSETS (Continued):**

Depreciation expense was charged to governmental activities as follows:

General government	\$ 34,928
Public works	<u>28,826</u>
Total	<u>\$ 63,754</u>

**NOTE 6 - NONCURRENT LIABILITIES**

Long-term debt at March 31, 2008, is comprised of the following individual issues:

*Contract payable:*

\$400,000 Installment Purchase Agreement, payable in monthly installments of \$2,785, including interest at 3.12%; final payment due July 2018.	<u>\$ 297,014</u>
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Long-term debt activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Contract payable	<u>\$ 320,769</u>	<u>\$ -</u>	<u>\$ (23,755)</u>	<u>\$ 297,014</u>	<u>\$ 24,507</u>

At March 31, 2008, debt service requirements on long-term debt are follows:

<u>Year ended March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 24,507	\$ 8,918
2010	25,283	8,143
2011	26,083	7,343
2012	26,909	6,517
2013	27,760	5,665
2014 - 2018	152,550	14,578
2019	<u>13,922</u>	<u>109</u>
Totals	<u>\$ 297,014</u>	<u>\$ 51,273</u>

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - PAYABLES:**

<i>Fund</i>	<i>Accounts</i>	<i>Accrued liabilities</i>	<i>Intergovernmental</i>	<i>Totals</i>
Governmental activities:				
General	\$ 5,322	\$ 13,109	\$ 11	\$ 18,442
Fire	-	-	7,083	7,083
Total governmental activities	5,322	13,109	7,094	25,525
Business-type activities:				
Building Inspections	1,261	-	-	1,261
Total	<u>\$ 6,583</u>	<u>\$ 13,109</u>	<u>\$ 7,094</u>	<u>\$ 26,786</u>

**NOTE 8 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

**NOTE 9 – INTERFUND TRANSFERS:**

The General Fund transferred \$125,000 to the Road Fund to defray the costs of future road projects.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 170,916	\$ 171,916	\$ 173,230	\$ 1,314
State grants	290,000	290,000	288,955	(1,045)
Charges for services	6,400	11,100	11,967	867
Interest	40,750	42,550	44,750	2,200
Other	10,600	3,100	4,283	1,183
Total revenues	<u>518,666</u>	<u>518,666</u>	<u>523,185</u>	<u>4,519</u>
<b>EXPENDITURES</b>				
Legislative	<u>10,765</u>	<u>10,765</u>	<u>9,843</u>	<u>922</u>
General government:				
Supervisor	24,900	26,900	25,651	1,249
Election	4,630	12,130	11,188	942
Assessor	27,200	27,200	26,212	988
Clerk	41,021	41,021	36,605	4,416
Board of review	1,677	1,677	618	1,059
Treasurer	35,672	35,672	35,026	646
Hall and grounds	40,085	42,085	40,072	2,013
Administration	49,625	33,225	30,376	2,849
Cemetery	14,003	14,003	11,775	2,228
Other	35,300	39,800	34,894	4,906
Total general government	<u>274,113</u>	<u>273,713</u>	<u>252,417</u>	<u>21,296</u>
Public safety - ambulance	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Public works:				
Drains	3,000	3,000	988	2,012
Street lights	600	1,000	784	216
Total public works	<u>3,600</u>	<u>4,000</u>	<u>1,772</u>	<u>2,228</u>
Community and economic development - planning and zoning	<u>44,434</u>	<u>44,434</u>	<u>36,578</u>	<u>7,856</u>

**Township of Almena****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Culture and recreation - parks and recreation	\$ 5,000	\$ -	\$ -	\$ -
Debt service:				
Principal	23,500	23,500	23,755	(255)
Interest	9,960	9,960	9,670	290
Total debt service	33,460	33,460	33,425	35
Capital outlay	33,000	38,000	12,906	25,094
Total expenditures	414,372	414,372	356,941	57,431
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES</b>	<u>104,294</u>	<u>104,294</u>	<u>166,244</u>	<u>61,950</u>
<b>OTHER FINANCING USES</b>				
Operating transfer out - Road Fund	(125,000)	(125,000)	(125,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(20,706)	(20,706)	41,244	61,950
<b>FUND BALANCES - BEGINNING</b>	<u>663,068</u>	<u>663,068</u>	<u>663,068</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 642,362</u>	<u>\$ 642,362</u>	<u>\$ 704,312</u>	<u>\$ 61,950</u>

**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 139,874	\$ 139,874	\$ 141,324	\$ 1,450
State grants	2,700	2,700	3,900	1,200
Charges for services	800	800	-	(800)
Interest	200	200	214	14
Total revenues	143,574	143,574	145,438	1,864
<b>EXPENDITURES</b>				
Public works	325,000	325,000	308,932	16,068
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(181,426)	(181,426)	(163,494)	17,932
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in - General	125,000	125,000	125,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(56,426)	(56,426)	(38,494)	17,932
<b>FUND BALANCE - BEGINNING</b>	207,280	207,280	207,280	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 150,854</u>	<u>\$ 150,854</u>	<u>\$ 168,786</u>	<u>\$ 17,932</u>

**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 139,874	\$ 139,874	\$ 141,314	\$ 1,440
Interest	<u>200</u>	<u>200</u>	<u>214</u>	<u>14</u>
Total revenues	140,074	140,074	141,528	1,454
<b>EXPENDITURES</b>				
Public safety	<u>129,162</u>	<u>129,162</u>	<u>119,162</u>	<u>10,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	10,912	10,912	22,366	11,454
<b>FUND BALANCE - BEGINNING</b>	<u>209,970</u>	<u>209,970</u>	<u>209,970</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 220,882</u>	<u>\$ 220,882</u>	<u>\$ 232,336</u>	<u>\$ 11,454</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Almena**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 March 31, 2008

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	<u>Special revenue funds</u>			
	<u>Special Assessment</u>	<u>Township Hall</u>	<u>Historical</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash	\$ 12,606	\$ 22,537	\$ -	\$ 35,143
Receivables	<u>1,026</u>	<u>-</u>	<u>-</u>	<u>1,026</u>
Total assets	<u>\$ 13,632</u>	<u>\$ 22,537</u>	<u>\$ -</u>	<u>\$ 36,169</u>
<b>FUND BALANCES</b>				
Unreserved, undesignated	<u>\$ 13,632</u>	<u>\$ 22,537</u>	<u>\$ -</u>	<u>\$ 36,169</u>

**Township of Almena****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2008

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	<u>Special revenue funds</u>			
	<u>Special Assessment</u>	<u>Township Hall</u>	<u>Historical</u>	<u>Totals</u>
<b>REVENUES</b>				
Interest	\$ 152	\$ -	\$ -	\$ 152
Special assessments	<u>14,155</u>	<u>-</u>	<u>-</u>	<u>14,155</u>
Total revenues	<u>14,307</u>	<u>-</u>	<u>-</u>	<u>14,307</u>
<b>EXPENDITURES</b>				
Public works	8,934	-	-	8,934
Culture and recreation	<u>-</u>	<u>-</u>	<u>1,034</u>	<u>1,034</u>
Total expenditures	<u>8,934</u>	<u>-</u>	<u>1,034</u>	<u>9,968</u>
<b>NET CHANGES IN FUND BALANCES</b>	5,373	-	(1,034)	4,339
<b>FUND BALANCE - BEGINNING</b>	<u>8,259</u>	<u>22,537</u>	<u>1,034</u>	<u>31,830</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 13,632</u>	<u>\$ 22,537</u>	<u>\$ -</u>	<u>\$ 36,169</u>

July 10, 2008

To the Board of Trustees  
Township of Almena

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almena for the year ended March 31, 2008, and have issued our report thereon dated July 10, 2008. Professional standards require that we provide you with the following information related to our audit.

*Our Responsibility under U.S. Generally Accepted Auditing Standards*

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Almena are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Township of Almena during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



1958-2008



The disclosures in the financial statements are neutral, consistent, and clear.

*Audit Adjustments*

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. We did not propose any audit adjustments.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

*Other Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Almena's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Almena and is not intended to be and should not be used by anyone other than this specified party.

*Siegfried Crandall P.C.*